

MINUTES

PCF OVERSIGHT BOARD

December 2, 2010

WOMAN'S HOSPITAL PHYSICIANS PLAZA, Baton Rouge, La

Mr. Clark Cossé Chairman convened the meeting of the Patient's Compensation Fund Oversight Board, at 6:30 PM on Thursday December 2, 2010, at the Woman's Hospital Corporate Board Room in Baton Rouge.

The following Board Members were in attendance:

Mr. Clark Cossé	Dr. Van Culotta
Dr. Katharine Rathbun	Dr. Melanie Firmin
Mr. Kent Guidry	Mr. Manual DePascual

The following Board Members were absent:

Dr. John LaCorte
Mr. Jim Hritz
Mr. Joe Donchess

Others present:

Mrs. Lorraine LeBlanc	Mrs. Barbara Woodard
Mr. Ken Schnauder	Mr. Dave Woolridge
Mr. Adam Thames	Mr. Ira Feld
Mr. Jeff Dunbar	Mrs. Lynn Duszynski
Mr. David Weinstein	Mr. Sergio Collette
Mr. John Morgan	

Mr. Cossé called the meeting to order and asked that the record reflect six Board Members were in attendance and a quorum was present. Mr. Cossé welcomed the guests to the meeting and asked all present to introduce themselves. Mr. Cossé then announced the financial and budget report would be moved and will be discussed after the Merrill Lynch presentation.

Mr. Cossé asked for public comments. No public comments were made.

Mr. Cossé called for the approval of the November 4, 2010 minutes. Dr. Culotta moved for the minutes to be approved and Dr. Rathbun seconded the motion. By verbal vote, the minutes were adopted with no dissenting votes.

Cossé asked for the claims manager report. Mr. Schnauder reported that November was a slow month the claims section had opened 157 claim files and closed 120. Thirty two of those closed last month were with payment. The total number of pending claims is now 4,888. Mr. Schnauder reported that there are 176 future medical cases to date and remaining steady. Mr. Schnauder informed the Board that 12 claims were being presented at this meeting for approval totaling \$3,119,651. He stated that

November there was not a lot of push but he did expect December to be a busy month. Interest and litigation down from the prior year, frequency was about the same as last year. Mr. Schnauder stated that 139 panels were filed last month with a total year to date of 1,389. Mr. Cosse asked if there were any other questions regarding the claim manager report. There were none.

Mr. Cossé informed the Board that he had asked representatives from Merrill Lynch to give the PCF Oversight Board ideas as to how to improve the performance and return on investments by preparing a presentation for the Board. Mr. Jeff Dunbar with Merrill Lynch began the presentation and introduced the representatives present. He stated that Merrill Lynch has money managers in Baton Rouge so there would be no need to go out of state for such services. Mr. Feld then went over the handout they prepared. He stated the first pages were an overview of the members of the Feld Weinstein Group with Merrill Lynch. They work closely with the clients to develop the proper strategy and provide ongoing monitoring of the portfolio. He stated that there were missed opportunities when investments were placed too slowly. Investments should provide a generous spread between corporate bonds, treasuries, municipal bonds and TIPs. He stated it was their opinion that the Board could benefit from retaining the services of a money manager that knows the market and the trends in the market and is pro-active. Assets in money markets paying the lowest yield should be limited to about one year of expected disbursements, corporate bonds should be considered instead of Treasury bonds, and maturity dates should be extended for higher interest rates. They do not work with just Merrill Lynch when going out to the market which allows them to get competitive rates and invest funds in a short time. Mr. Cossé reminded all present that legislation would be required to change how the Board is able to invest funds and that the Board would need to remain conservative with investments. Mr. Cossé asked if there were any further questions and there were none. He thanked the representatives for attending the meeting and sharing their thoughts on the Board's investments.

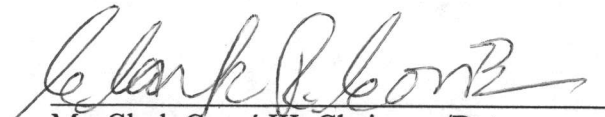
Mr. Cossé asked for the financial reports. Mrs. LeBlanc went over the financial report that was distributed to the board members and others in attendance. She informed the Board that the operating expenses were going as planned and in line with the normal expenses. The net collections to date were reported to be approximately \$60,561,782. She informed the Board that the claim expenditures to date were approximately \$46,159,630 and that the fund balance was \$626,319,655. Mr. Cossé asked if there were any other questions regarding the financial reports. There were none. Mrs. LeBlanc explained each page of the 2012 budget proposal and asked for any comments or questions from the Board or others present. Dr. Firmin motioned for the Board to accept the financial report and the proposed 2012 budget and Dr. Culotta seconded the motion. Verbal vote was unanimous and the financial report and budget were approved. The budget will be submitted to the appropriate legislative bodies and the DOA. It will also be posted on the PCF website.

Mr. Cossé brought to the Board's attention that Mrs. LeBlanc had not received a pay increase in the previous two years and that her salary was still below the national average for a comparable position and those of other executive directors in the state according to the September 2008 list of salaries published in the newspaper. Mr. Cossé stated that due to the additional responsibility and duties as an off budget agency of the state, he felt discussion was warranted from the Board on increasing Mrs. LeBlanc annual salary. Dr. Rathbun stated that with the new level of responsibility and due to the increased complexity of the operation of the agency, the Executive Director was expected to perform at a higher level and that although \$120,411 was a fair salary, it was below executive director's pay in comparable entities. Dr. Culotta stated the proposed salary increase should be comparable to the Louisiana State Board of Nursing Executive Director's salary. After much discussion, Dr. Culotta made a motion to adjust the

PCF Executive Director's salary up by \$21,089 so that the annual salary would be \$141,500. Dr. Firmin seconded the motion. Dr. Rathbun made a motion for the pay increase to be retroactive to July 1, 2010 and Dr. Firmin seconded the motion. Vote was unanimous and there were no dissenting votes.

Mr. Cossé asked if there were any other comments or questions regarding the Executive Director salary from the members or the public. There were none. Mr. Cossé thanked the guests for attending the meeting and the General Session was adjourned.

Dr. Rathbun then motioned for the Board to move into the Executive Session and Dr. Firmin seconded the motion. The vote was unanimous and the Board moved into Executive Session to discuss matters of litigation.


Mr. Clark Cossé III, Chairman/Date

Jan 6, 2011